

## Enterprise Dunedin

### DUNEDIN – MONTHLY ECONOMIC UPDATE – DECEMBER 2020 (RELEASED 4 FEBRUARY 2021)

This document provides context for economic and social wellbeing across Dunedin during December 2020. This report will be updated on a monthly basis to give an overview as to how Dunedin is tracking as the city recovers from COVID-19.

The measures discussed in this report include:

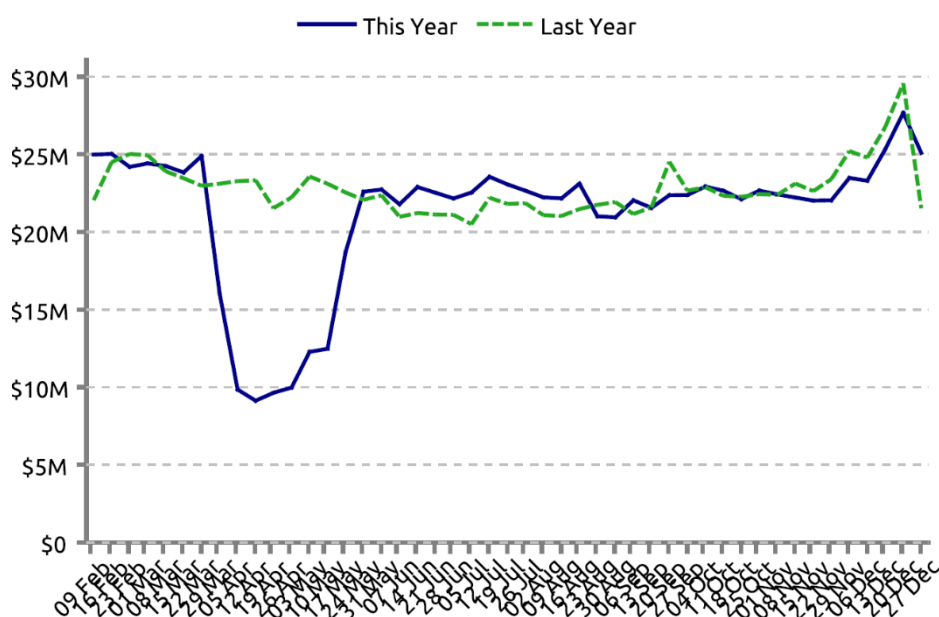
- Retail spending across Dunedin
- Inner city visitation
- Traffic flows
- Employment statistics and Jobseeker data
- Trade statistics

These measures have been chosen because they are available in a timely fashion. Availability of up-to-date indicators is limited, so these measures should be taken as an overview of activity, rather than an exhaustive list of all aspects of the economy.

#### Retail spending across Dunedin

Retail spending in Dunedin over the four weeks to 27 December 2020 totalled \$101.4 million, which was just 1.2% below its level across the same period a year ago, according to data provided by Verisk. Most of the decline remains concentrated in the inner city (-3.8%), while spending was down a more modest 0.5% in other parts of Dunedin.

### 1. WEEKLY VALUE OF SPENDING



An analysis of individual retail segments shows:

- Supermarket and homeware/DIY spending remain the strongest performers and registered record Christmas spending.
- Clothing, footwear and department store retailing has fallen as a whole, however, even within this category, there continued to be a pocket of growth in the inner city in the lead-in to Christmas.
- Hospitality spending was lower across the whole of Dunedin, although falls were not as steep as in November. Spending declines are most pronounced in the inner city where the absence of cruise ship passengers and other international visitors is most heavily felt. Declines to hospitality expenditure are smaller outside of the CBD.
- Lower visitor numbers are also holding down the total value of fuel retail spending, as is a 14% decline in average petrol prices over the past 12 months.
- There continues to be lower spending in the “all other” category in the inner city. This category includes travel, vehicle hire, tours, events, casinos, beauty and health services so declines are likely to be largely influenced by fewer visitors to the city.

#### Retail spending growth across Dunedin

4 weeks to 27 Dec 2020 compared to year ago	Dunedin total	Inner city	Rest of Dunedin
Food, liquor & pharmacies	7.1%	9.5%	6.5%
Hospitality & Accommodation	-5.4%	-11.2%	-3.1%
Fuel & Automotive	-28.8%	3.0%	-29.7%
Clothing, Footwear & Department Stores	-6.5%	8.4%	-11.6%
Home & Recreational Retailing	8.5%	-6.5%	11.0%
All other	-8.1%	-22.8%	0.7%
<b>Total</b>	<b>-1.2%</b>	<b>-3.8%</b>	<b>-0.5%</b>

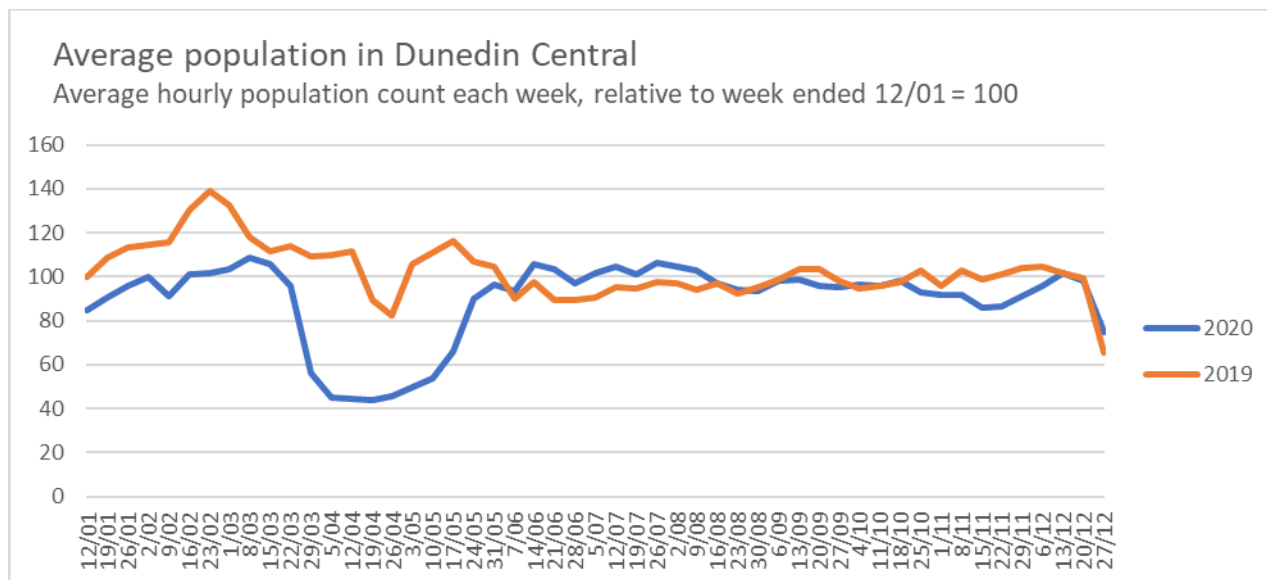
Similar retail spending patterns are expected to persist over the remainder of summer. The path forward for retailing over the months thereafter will be dictated by several factors, including overall consumer confidence, the health of the job market, and prospects for travel bubbles.

#### Inner city visitation

The average daily number of people in Dunedin’s central city across each week in December was 1.1% above its level from a year earlier, according to estimates from Data Ventures database derived from hourly monitoring of mobile phones.

Visitation to the central city was down as much as 8.5% in the first week of December from a year earlier however was higher than last year in the week of Christmas.

Visitation has shown signs of tracking lower again in the New Year data, because of the absence of cruise ships and international visitors, at a time when many Dunedin residents were out of town for a summer break.

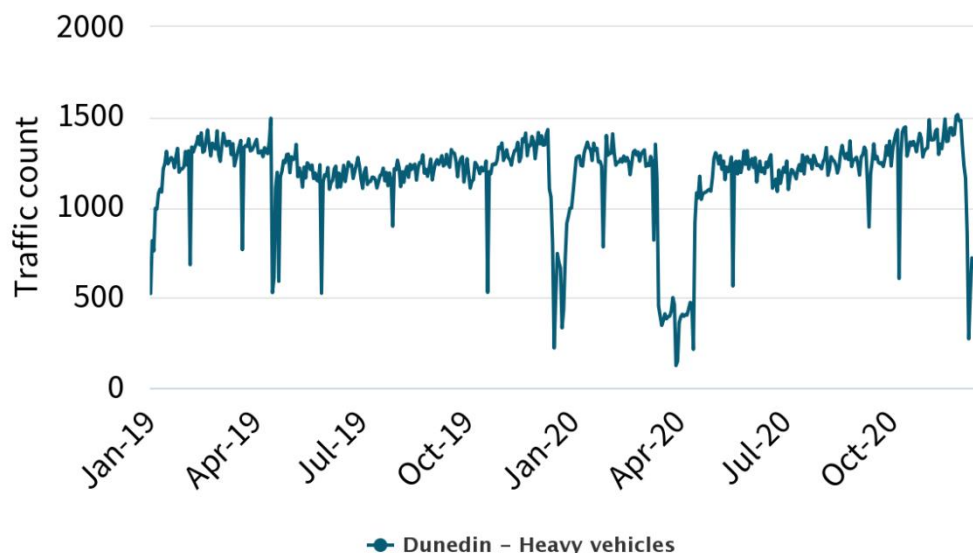


### Traffic flows

Traffic flows can be used as a barometer of activity. Light vehicle flows are a mixture of people moving about for personal reasons, as well as for work or other business. Heavy vehicle flows, on the other hand, correlate strongly with business activity.

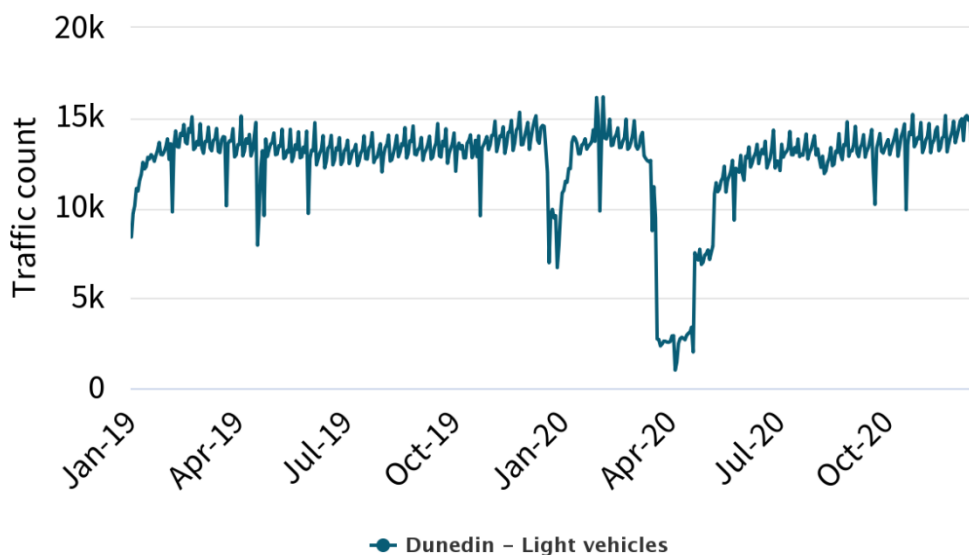
Heavy vehicle flows continued a pattern of fast growth, up 9.4% in December from their 2019 level.

**Dunedin weekly traffic – selected site 5 day average (excluding weekends)**



Light vehicle flows in Dunedin during December 2020 were up 0.5% from their 2019 level. Looking within the month, light traffic flows were up within the pre-Christmas period, but sat lower between Christmas and New Year than their 2019 level.

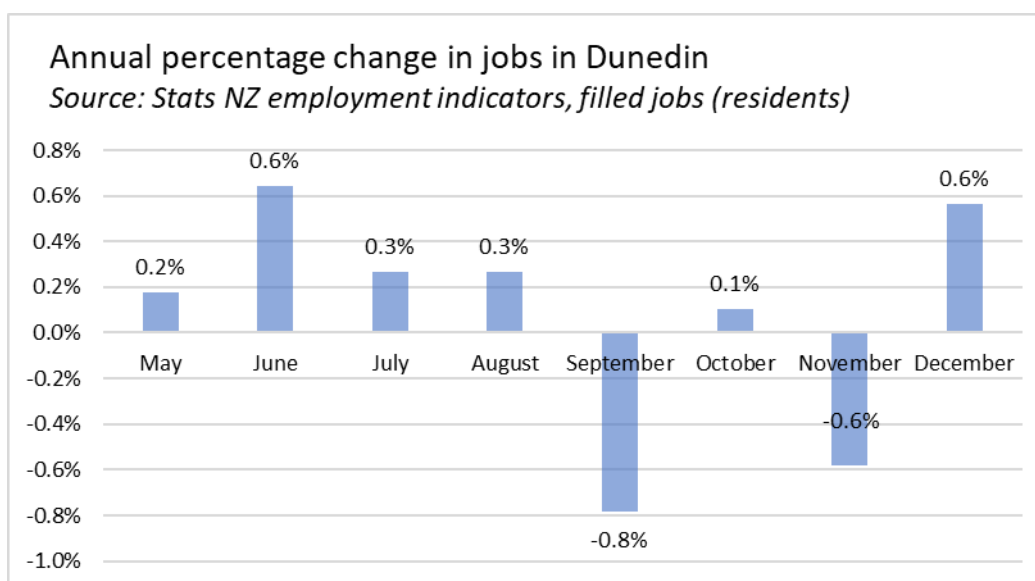
## Dunedin weekly traffic – selected site 5 day average (excluding weekends)



## Employment statistics and Jobseeker data

Data from Statistics New Zealand, based on payday payroll filings, shows that job numbers in Dunedin during December were up 0.6% from a year ago. The fact that job numbers have remained resilient since COVID-19 hit is testament to both government support, as well as the strong recovery to business activity that has occurred following the lockdown period.

From an industry perspective, job numbers have expanded strongly in construction, health, public administration, finance, and agriculture. These gains have offset declines within retail, warehousing, manufacturing, administrative support, and arts and recreational activities (which capture many visitor attractions).



The payroll data also gives insight as to what has happened to wages. The data shows that wages across the December 2020 year averaged \$58,191, compared to average wages of \$57,965 in the March 2020 year before COVID-19.

Despite overall job numbers and earnings data looking okay, there has still been a vulnerable group within the labour market who has missed out. Economic and social change has been a recurrent theme during the pandemic, with some industries gaining, while others have faced tougher trading conditions. As part of this change process, some people who lost jobs in industries that struggled were not able to be immediately matched into emerging opportunities.

MSD data shows that there were 4,781 people in Dunedin during December receiving Jobseeker Support or COVID-19 Income Relief Payments, up on the 4,603 people in November, but well down from a peak of 4,954 in August. The December monthly increase may reflect normal seasonal patterns rather than Covid-specific factors because there was a similar increase between November and December last year and such a trend was also observed in other parts of the country.

As a point of reference, there were 3,377 Jobseeker Support recipients in March before the lockdown period. The percentage increase in people receiving such support in Dunedin between March and December was 42%, which was the same as the 42% increase nationally.

The effects of COVID-19 on the labour market have been uneven across different demographic groupings. Detailed demographic insight for MSD Jobseeker benefits for the December quarter highlights that youth and Pasifika have been disproportionately affected, as have women. Between the December 2019 and December 2020 quarters, the following percentage changes in Jobseeker benefits were observed:

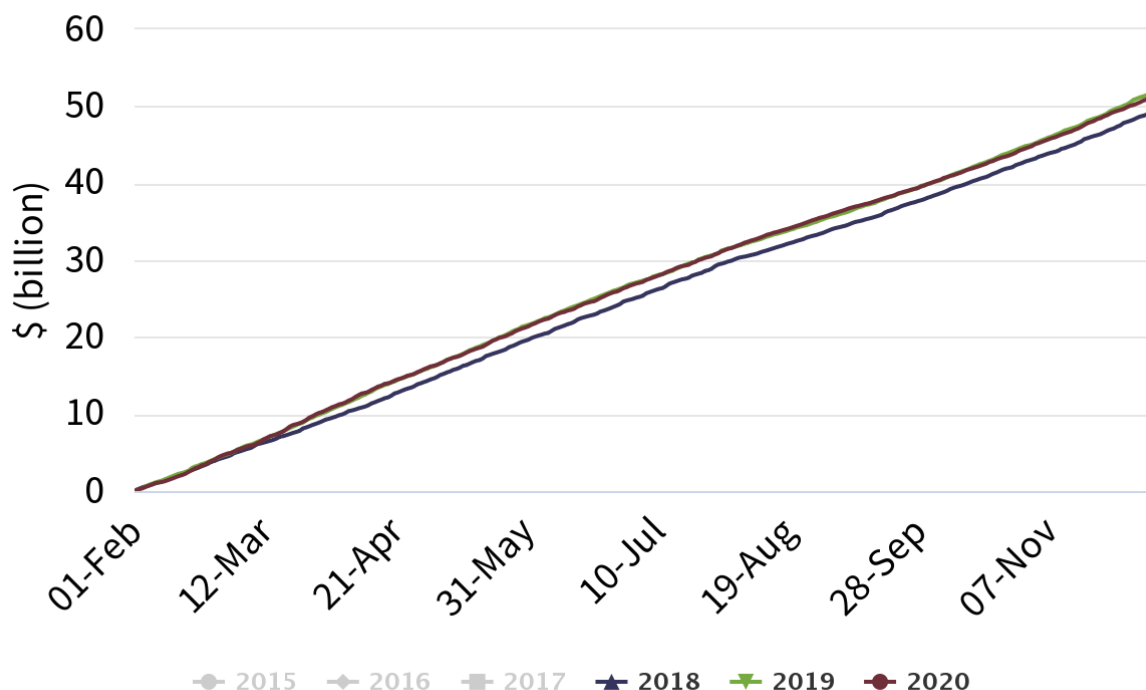
- Pasifika (65%), European (34%), Māori (30%)
- Under 25s (56%), 25-39 years (33%), 40-64 years (20%)
- Female (37%), male (30%).

## **Trade data**

Export conditions, particularly within the agricultural sector in Otago and Southland, are important for Dunedin. Not only do large volumes of export freight pass through Port Otago, but many Dunedin businesses derive activity from servicing and supplying the agricultural sector.

Data released by Statistics New Zealand shows that the value of exports during December 2020 was down 2.7% from its 2019 level, compared to a 0.1%pa decline in November. Partial insights from the January suggest that exports have since returned to growth mode. Across the entire 2020 calendar year, exports were unchanged from their 2019 level.

## Value of total goods exports to all countries (cumulative) – provisional



Dairy exports had a relatively weak December, which is unlikely to be repeated over the next couple of months as prices have shown signs of recovery at recent dairy auctions. As a result of these recent results, ASB has upgraded its farmgate milk price forecast for the current season from \$7.00/kgms to \$7.40/kgms. Such an increase represents approximately an extra \$43 million for Otago dairy farmers and would take the total payout across Otago to just over \$800 million in the current dairy season.

Meat exports in December continued to be pulled lower, with falls price driven. Quantities of both beef and sheep meat were up on the same month of the previous year.

Fruit exports continue to go from strength to strength, although heavy rainfall over the New Year will affect the value of cherry exports in January data.

Forestry exports have remained strong since their June quarter ebb. Seafood exports have begun recovering strongly.

The prognosis for food exporters generally remains strong. The good thing for provincial New Zealand is that the world still must eat. There remain risks associated with export demand for some higher value add food items (such as some cuts of meat) because of reduced restaurant trade and more general belt-tightening, but demand for everyday staples for consumption at home will perform better over the months ahead. We remain wary of bottlenecks in global shipping which may challenge some exporters' ability to quickly get goods to market.